

STATEMENT OF PAUL H. O'NEILL
Secretary of the Treasury
Before
The House Committee on Financial Service
October 3, 2001

Thank you chairman Oxley, Congressman LaFalce and members of the Committee. I'm sorry I have such a short time available here today with you. Unfortunately, I have a commitment before the Senate Finance Committee at 11:00 a.m.

Currency can be as lethal as a bullet. If we are to deter and prevent future calamities, and if we are to root out terrorist cells that threaten to do violence to our people and our communities, we have to hunt the financial benefactors and the willfully blind financial intermediaries that underwrite murder and mayhem.

We have already made an excellent start with the President's Executive Order and in securing passage of a United Nations Security Council resolution calling on countries to support the battle against the financial underpinnings of terrorism. This U.N. Resolution represents a confirmation by the global community that an aggressive hunt for terrorist funds is underway and merits the cooperation of all countries. The importance of this global campaign cannot be overstated. Building a coalition for the financial campaign against terrorism is as important as a military campaign.

We have set a deliberate course at Treasury to prosecute that campaign. First, we are engaged in an effort to identify the potential financial intermediaries of suspected terrorists and their associates. We chair an interagency task force from the CIA, Departments of State and Justice, the FBI, and the NSC dedicated to the task. Second, we act on that intelligence with the issuance of domestic blocking orders that freeze accounts and bar all trade with terrorist

associates. Third, we are engaged with the FBI in the current investigation of the financing of the September 11th attacks and are making significant contributions in ferreting out those who financed those horrendous attacks. Fourth, we are engaged in an outreach to secure the endorsement of our blocking orders by allies in the G7, the EU and throughout the world. Fifth, we have begun to link disparate databases and to analyze carefully the patterns of terrorist financing that such intelligence linkages promise at the newly organized Foreign Terrorist Asset Tracking Center at Treasury.

Here at home, you can help arm us with additional legislative tools to enhance Treasury's capability to track, block and seize those assets; to secure our borders; and to freely share information about terrorist activity between law enforcement and U.S. intelligence services. Our intent is straight forward – to remove structural limitations that handicap government efforts to eliminate the violence of terrorism.

To date, the President's program has produced real and meaningful results. As this Committee is aware, we have taken decisive action domestically and, just as importantly, scores of countries have followed suit with bank freezes and pledges to take measures to heighten scrutiny of suspicious transactions.

Treasury is uniquely well-suited to wage this campaign against the financing of terrorist activity. Our cadre of highly professional staff – which includes our enforcement division, our customs staff, our many tax and accounting experts, as well as our bank supervisory bureaus and financial regulatory policy staff – have combined their talents to aggressively attack terrorist funding sources. In this effort, we have partnered with the private U.S. banking industry, which has provided us with crucial assistance in interpreting and analyzing reams of financial data. Finally, international financial regulators have made clear their willingness and commitment to

provide us with whatever assistance we may need to track down the assets of international terrorists.

Other countries have invited letters (rogatory) and requests for legal assistance under treaties intended to provide Treasury and the Justice Department with evidence in the current probe and leads for the pursuit of new names. In addition, numerous international banks have made plain that they will assist us in any manner lawfully permitted under their respective domestic laws.

Additionally, we have just started the Foreign Terrorist Asset Tracking Center intended to help identify patterns and terrorist financing practices discoverable only through inter-agency coordination and sophisticated analysis. In particular, the Center joins for the first time disparate databases from law enforcement, the intelligence community, banking regulators and open access data libraries. The data is then linked to build a mosaic of terrorist financing activity. This operation allows us a unique opportunity to be proactive -- to take a different tack by sustaining a targeted effort at terrorist financing. This approach is not limited to the episodic, targeted and staccato like pace of a case-specific criminal probe. Instead, we are using intelligence and law enforcement resources to find patterns that will allow us to address the global problem of terrorist financing.

Now, that is admittedly ambitious, but it is at the core of our declared end. **This hunt is not about money. It is about money that kills.** Our approach is proactive and preventative. Our goal is to drain the financial lifeblood that allows terrorist to finance and accomplish their deadly goals, and in doing so we aim to shackle their ability to strike again.

Every resource of the Treasury Department is committed to the purpose. But as vast as our powers, they may not alone be sufficient to the task. It is for that reason that we strongly

endorse the Administration's Anti-Terrorism bill. In particular, the IEEPA provisions that protect classified data from disclosure permit blocking prior to formal designation and provide for eventual forfeiture of terrorist assets will remove barriers to the successful prosecution of our cause. While I understand these provisions are not currently a part of the House Anti-Terrorism package, we are hopeful that they will ultimately be included. In addition, I look forward to working with this Committee on some issues not addressed in the anti-terrorism package, in particular, additional provision to ensure more effective sharing of information between law enforcement and intelligence.

Government should not be handcuffed in this endeavor. More can profitably be done, and Under Secretary Gurulé is prepared to outline potential additional measures.

But my pledge to you is simple. However you choose to arm us, the Treasury Department will use every tool we have at our disposal to shut down terrorist fundraising and dismantle their organizations one dollar at a time. Their moral bankruptcy will be matched by an empty wallet.